



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Economic Development

DCM: David Gaines

DATE: August 16, 2022

SUBJECT

Consider adoption of an ordinance of The City of Denton approving a grant to The Chestnut Tree LC., located at 107 W. Hickory St. from the Downtown Reinvestment Grant Program in an amount not to exceed \$50,000.00; and providing for an effective date. The Downtown Denton Tax Increment Reinvestment Zone No.1 Board recommends approval (4-0-1).

BACKGROUND

Open since 1994, The Chestnut Tree Teahouse and Bistro is the oldest restaurant on the face of the Square. Previously focused on serving breakfast and lunch, the pandemic forced owner Suzanne Johnson to pivot and reinvent her business. Chestnut Tree has expanded its services to include: happy hour, brunch, and catering services for everything from weddings to university events. During the pandemic, they operated a community marketplace and now have their manufacturing license, allowing them to produce quiche for five Sweetwater Tea & Coffee chain locations. Additionally, they have added, The Mug, coffee kiosk inside. Before 2020, the restaurant employed 14 employees. Currently, the restaurant has 24 employees, including an Italian chef and a sommelier focusing on happy hour and catering events.

The proposed remodel of the business is being coordinated with the Texas Historical Commission architects for the façade and local Hispanic-owned small business, Imagine Renovations, which is a Denton Chamber Small Business award winner. The interior plan includes a new, updated electrical system to support the entire restaurant and a new ductless air system. The new wiring will remove the stress of overloaded circuits. The drop-ceiling will be replaced with new sheetrock at the correct ceiling height. Additionally, a new bar will be installed, the original wood floors will be repaired and refinished, and the restrooms and restaurant will be ADA compliant. Concluding the interior improvements will reveal the restaurant's original brick walls and new lighting fixtures. The exterior remodel will include a new wood-paneled restaurant front with large windows and a central entry. Most noticeable will be the soffit's maintenance, where the stucco above the awning will be removed to expose the reconstructed transom windows that were removed in the 60s.

Projected Improvements includes: Façade/Building Rehab, Awnings, Utility Upgrades, Interior/Code Improvements

Project Submitted Expenses: \$115,341

Grant Request: \$50,000

Applicable Policy Limits:

- *Façade/Building Rehab:* Grants are limited to a 50% match of the eligible project's costs, with a cap of \$50,000 per grant for facade, roof and foundation work. Roof and foundation repair may constitute no more than half of the request and shall only be considered for funding if included as a portion of a larger project. Paint-only grants are limited to a 50% match with a cap of \$7,500 per grant.

- *Utility Upgrades*: Grants are limited to a 50% match with a cap of \$50,000 per grant.
- *Interior/Code Improvements*: Grants are limited to a 50% match with a cap of \$55,000 per grant.

PRIOR ACTION/REVIEW

July 7, 2022 – Downtown Economic Development Committee (DEDC) reviewed and scored the application. The application received an average score of 31 points, making it eligible for a recommendation of up to \$50,000. This score supports the recommendation to approve the application as requested. The grant application request and DEDC recommendation is for \$50,000.

July 27, 2022 – Downtown Denton Tax Increment Reinvestment Zone No.1 (Downtown TIRZ #1) Board reviewed the application and voted to recommend City Council approve the Downtown Reinvestment Grant Program application in the amount of \$50,000, as recommended by the DEDC for The Chestnut Tree, LC located at 107 W. Hickory St.

EXHIBITS

1. Agenda Information Sheet
2. Ordinance
3. Agreement
4. LLC

Respectfully submitted:
Christina Davis
Business Development Administrator